HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 5603 PCB GOA 10-02 Department of Financial Services
SPONSOR(S): Government Operations Appropriations Committee and Hays
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE		ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.:	Government Operations Appropriations Committee	13 Y, 0 N	Fox	Topp
1)	Full Appropriations Council on Education & Economic Development	16 Y, 0 N	Fox	Leznoff
2)	House Vote on Final Passage	120 Y, 0 N		
3				
4)				
5)				

SUMMARY ANALYSIS

The Department of Financial Services (DFS) manages and oversees several major functions of state government, including the Treasury, State Fire Marshall, Insurance Fraud, State Accounting and Auditing, Workers' Compensation, Risk Management and Funeral, Cemetery and Consumer Services. This bill amends the statutes related to Risk Management and Workers' Compensation to achieve a number of efficiencies and cost savings measures that were included in the FY 2010-2011 General Appropriations Act (GAA). The bill also revises language related to consumer services. Specifically, the bill includes the following provisions:

Amends s. 20.121, F.S., to codify the transfer of responsibilities related to consumer complaints for the Office of Financial Regulation from the Department of Financial Services to the Office of Financial Regulation.

Amends s. 284.50, F.S., by requiring all state agencies and state universities with more than 6,000 employees who are provided insurance coverage from the Division of Risk Management (Division) to establish and maintain a return-to-work program for injured state workers. Presently, each agency and state university that has more than 6,000 employees have some form of a return-to-work program or is in the process of beginning such a program. The GAA included $298,478 and three positions (in the Division) to implement statewide oversight of the return-to-work programs with the goal of reducing workers' compensation costs. Additionally, the GAA contained a $39.1 million appropriation in the Administered Funds Section (Specific Appropriation 2180) of the bill to address the State Risk Management Trust Fund's projected deficit for FY 2010-2011, which is primarily attributable to the rising cost of workers' compensation.

Amends s. 440.13, F.S., to provide that, in processing workers' compensation insurance claims, reimbursement for a drug that has been repackaged or relabeled shall be calculated by multiplying the number of units dispensed by the per-unit average wholesale price set by the original manufacturer of the drug, plus a $4.18 dispensing fee, unless the insurer has contracted for a lower reimbursement amount.

The bill amends s. 440.50, F.S., to require that funds that are transferred from the Workers' Compensation Administration Trust Fund (WCATF) to other agencies (that by statute are to be funded from the WCATF) that remain unencumbered as of June 30 or undisbursed as of September 30 each year, shall revert back to the Workers' Compensation Administration Trust Fund. This change in statute is necessary to insure that sufficient cash balance will be available in the WCATF to fund the various appropriations made by the Legislature in support of the administration of the workers' compensation provisions in law and to avoid increases in the assessment on workers' compensation premiums.

The bill provides an effective date of July 1, 2010.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

<u>Present Situation</u>

Office of Financial Regulation/Consumer Services: Presently, the Department of Financial Services provides for consumer assistance and complaint processing for functions and programs regulated by the department as well as providing the same functions for the Office of Insurance Regulation. The Office of Financial Regulation currently handles all functions related to consumer assistance and complaint intake for the programs and regulatory functions it has oversight thereof. However, ch. 20, F.S. indicates that the Department of Financial Services will be responsible for consumer assistance for "offices" (Office of Insurance Regulation and Office of Financial Regulation) of the Financial Services Commission.

Division of Risk Management: The State of Florida through the Division of Risk Management provides insurance coverage to 48 state agencies and state universities. Specifically, the Division of Risk Management provides insurance coverage in the areas of workers' compensation, general liability, federal civil rights, automobile liability, and property insurance. The Division is funded with premiums paid by each agency and state university based on their respective loss history. The premiums are deposited in to the State Risk Management Trust Fund.

The Division's mission is three-fold: 1) provide agencies and state universities with cost-effective insurance coverage either through the state's self insurance program or purchasing commercial insurance; 2) to administer claims; and 3) to provide loss prevention program assistance and training.

Within the organizational structure of the Division of Risk Management is the Bureau of Loss Prevention, which provides professional safety training, quality evaluation tools along with other loss prevention and cost control programs for the agencies and state universities. Section 216.251(2)(b)(2), F.S., authorizes agencies and state universities to maintain return-to-work programs. However, the statute does not require them to do so.

Currently, state agency participants in the state's self insurance program have no responsibility to engage in loss prevention activities, including return-to-work programs. Some state agencies have return-to-work programs in place, but there is no accountability or evaluation of the programs. While lost time workers' compensation claims account for only 10% of the state's self insurance program, those claims account for 80% of workers' compensation claims cost. Current law provides agencies no incentive to reduce claims cost or return injured workers to work.[1] The primary goal of a return-to-work program is to enable injured workers to remain at work or return to work to perform job duties within the physical and mental functional limitations and restrictions established by the treating physician.

In recent years, the Division has seen a rapid increase in the cost of workers' compensation. In FY 2004-05, the workers' compensation expenditures to the State Risk Management Trust Fund were $91.3 million.[2] In FY 2008-09, the workers' compensation expenditures totaled $116.1 million – a 27% increase in four years. The March 1, 2010 Risk Management Estimating Conference projected that workers' compensation costs will grow to 139.2 million by 2011-12 – a nearly 20% increase over two years.[3]

The department reports that other states such as Texas and Georgia have actively required all state agencies to maintain return-to-work programs. In fact, Georgia mandates that an agency loses the position of an injured worker, if they do not provide alternative or modified duties for injured workers to return to work.[4]

Reimbursement for Relabeled or Repacked Drugs: Reimbursement for prescription drugs in workers' compensation is provided for in s. 440.13(12)(c), F.S. Under current law, prescription drugs are reimbursed at the average wholesale price (AWP) plus a $4.18 dispensing fee, or at a contract rate, whichever is lower.[5, 6] AWP is not defined in the workers' compensation statute (ch. 440, F.S.) and does not appear to have a universally accepted definition.[7,8]

The term "repackaged" drugs refers to pharmaceuticals that have been purchased in bulk from a manufacturer, relabeled, and repackaged into individual prescription sizes for physicians to prescribe and dispense at their offices.[9] Repackagers may assign average wholesale prices for repackaged drugs that differ from the AWP suggested by the original manufacturer of the drug.[10] Currently, the Florida Department of Health reports that there are 22 licensed Prescription Drug Repackagers in the state. [11] In Florida, the authority for practitioners to dispense drugs is found in s. 465.0276, F.S.

---

[1] Department of Financial Services - Division of Risk Management Bill Analysis and Fiscal Impact Statement dated March 8, 2010 on file with the Government Operations Appropriation Committee.

[2] Department of Financial Services Risk Management – Non-operating Budget FY 2005-2009, on file with the Government Operations Appropriations Committee.

[3] Risk Management Revenue Estimating Conference – March 1, 2010.

[4] Division of Risk Management Presentation to the House Government Appropriations Committee, dated February 10, 2010.

[5] Section 440.13(12)(c), F.S., states: As to reimbursement for a prescription medication, the reimbursement amount for a prescription shall be the average wholesale price plus $4.18 for the dispensing fee, except where the carrier has contracted for a lower amount. Fees for pharmaceuticals and pharmaceutical services shall be reimbursable at the applicable fee schedule amount. Where the employer or carrier has contracted for such services and the employee elects to obtain them through a provider not a party to the contract, the carrier shall reimburse at the schedule, negotiated, or contract price, whichever is lower. No such contract shall rely on a provider that is not reasonably accessible to the employee.

[6] In response to inquiries received by the Florida Division of Workers' Compensation (the Division) as to whether employers/carriers may appropriately deny authorization or reimbursement for prescription medication that is dispensed by a physician instead of a pharmacist, the Florida Department of Financial Services issued Informational Bulletin DFS-02-2009 on August 12, 2009. The bulletin informs in part that the Division is unaware of any specific provisions of the Workers' Compensation law that address the issue presented. Available at: http://www.myfloridacfo.com/wc/ (last accessed October 21, 2010).

[7] *See*, for example, "Prescription Benchmarks for Florida," a 2010 study by the Workers' Compensation Research Institute (WCRI study) compared with "Impact of Physician-Dispensing of Repackaged Drugs on California Workers' Compensation, Employers Cost, and Workers' Access to Quality Care," a 2006 study conducted by Frank Neuhauser and colleagues for the California Commission on Health and Safety and Workers' Compensation (California study). The WCRI defines average wholesale price as: "Published by First DataBank and Medi-Span ®. The AWP operates as an available price index that represents the most common wholesaler price charged to customers. The AWP does not necessarily represent the actual sales price in any single transaction. The payors may negotiate for lower prices. In workers' compensation systems, however, the AWP is often used as a price benchmark for pharmacy reimbursements of prescription drugs." The California study states that: "AWP is probably the most widely quoted pricing benchmark, but the least meaningful…. unlike what the name implies, the price has no relation to a wholesale price, average or otherwise. It is simply a price point established by the manufacturer, wholesaler, or repackager….The AWP…is typically much higher than the actual amounts that are paid by pharmacies and other wholesale drug purchasers…." For details on the WCRI study, *see* http://www.wcrinet.org/. The California study is available at: http://www.dir.ca.gov/chswc/allreports.html (last accessed October 21, 2010). As another example, currently reimbursement for prescription drugs under Medicaid is pursuant to a specific formula based on drug pricing information, which may include AWP, and provides for a different dispensing fee. Due to a final order and settlement issued in a lawsuit brought against First Data Bank (FDB) and Medi-Span, these companies have announced plans to discontinue publishing AWP by March 2011.

[8] The Florida Division of Workers' Compensation informs that in the event of a reimbursement dispute it would rely on the "Drug Topics Red Book," published by Medical Economics Company, Inc. (Montvale, NJ) to determine the average wholesale price. The "Red Book" is listed as a reference source in the "Florida Workers' Compensation Health Care Provider Reimbursement Manual, 2008 Edition." The Reimbursement Manual is available at: http://www.myfloridacfo.com/wc/ (last accessed October 21, 2010).

[9] California study, *supra* note 7 at 6.

[10] United States Government Accountability Office, "Brand-Name Prescription Drug Pricing: Lack of Therapeutically Equivalent Drugs and Limited Competition May Contribute to Extraordinary Price Increases" (GAO-10-201, December 2009). Available at: http://www.gao.gov/products/GAO-10-201 (last accessed October 21, 2010).

[11] Florida Department of Health, Resource Manual, A Compilation of the Department of Health's Offices and Programs, Fiscal Year 2009-2010, page 330.

In March 2010, the Workers' Compensation Research Institute (WCRI)[12] published "Prescription Benchmarks for Florida,"[13] a study that compares the cost, price, and use of pharmaceuticals in workers' compensation in Florida with 15 other states.[14] With respect to physician-dispensed prescription drugs in Florida's workers' compensation system, the study found:

- The average payment per claim for prescription drugs in Florida was 38 percent higher than the median[15] of the states studied, which was due primarily to dispensing of drugs by physicians at their offices.[16]
- Florida physicians dispensed prescription drugs in 51 percent of workers' compensation claims with prescriptions, representing 30 percent of all workers' compensation prescriptions paid over the study period.
- For most common drugs, physicians were paid 35-60 percent more than pharmacies for the same prescription.
- On average, Florida physicians wrote more prescriptions for more pills per claim than physicians in the median state. The average number of prescriptions per claim in Florida was 17 percent higher than in the median state.
- Certain medications were more frequently dispensed by physicians in Florida than in the other states.
- The average price per pill paid to pharmacies in Florida was at the median of the 16 states ($1.16 per pill average).

Workers' Compensation Administration Trust Fund: The Workers' Compensation Administration Trust Fund (WCATF) within Department of Financial Services has the purpose of providing for the payment of expenses in respect to the administration of the workers' compensation program in the state.[17] Additionally, each fiscal year, funds are appropriated from the Workers' Compensation Administration Trust Fund to be transferred to other agencies to support related programs. Specifically, funds from the WCATF are transferred annually to the following agencies: the Department of Education, the Agency for Health Care Administration, the Department of Business and Professional Regulation, the Department of Management Services/Division of Administrative Hearings, the First District Court of Appeal, and the Justice Administration Commission (for use by the State Attorney in the 11th Judicial Circuit for the prosecution of workers' compensation fraud).

The major revenue source (other than fines imposed by the Division of Workers' Compensation) for the WCATF are assessments on workers' compensation insurance premiums as provided for in s. 440.51(1), F.S. Each year, by July 1st the department is required to notify insurance carriers and self-insurers of the assessment rate necessary for the enforcement of ch. 440, F.S. The assessment rate is effective the following January 1st.

Presently, at the conclusion of each fiscal year there is no statutory requirement or mechanism by which the agencies to which WCATF cash has been transferred and which remains unobligated and unspent must be returned to the WCATF. At the conclusion of FY 2008-09, an estimated $2.5 million in WCATF cash remained unobligated and unspent in the agencies to which it had been transferred.

In recent years, the cash balance of the WCATF has declined considerably, with expenditures exceeding revenues. In FY 2008-09, expenditures exceeded revenues by $41.1 million. In FY 2009-

---

[12] WCRI is an independent research organization that analyzes workers' compensation systems for states with which it contracts. WCRI provides information through studies and data collection efforts, and does not take positions on the issues it researches.
[13] WCRI study, *supra* note 7 ,
[14] The 16 states in the WCRI study are California, Florida, Iowa, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, New Jersey, New York, North Carolina, Pennsylvania, Tennessee, Texas, and Wisconsin.
[15] The Merriam-Webster Dictionary online defines median as "a value in an ordered set of values below and above which there is an equal number of values or which is the arithmetic mean of the two middle values if there is no one middle number…." *See* http://www.merriam-webster.com/dictionary.htm.
[16] WCRI study, *supra* note 7, informs that physician dispensing is not permitted in three of the states in its study - Massachusetts, New York, and Texas.
[17] Section 440.50, F.S.

10, revenues fell short of expenditures by $35.5 million. The forecast for FY 2010-11 indicates yet another year where expenditures will exceed revenues (by $42.3 million).[18] With the decline in revenues and the need to fund the programs that had been appropriated -- the Chief Financial Officer on June 26, 2009, ordered an increase in the assessment on worker's compensation insurers and self-insurers premiums from one-quarter of one percent (0.25) to eight-tenths of one percent (0.80%) to insure that sufficient cash would be available to fund the appropriations set by the Legislature in the FY 2009-10 General Appropriations Act.[19] Due to the continuing decline in the fund balance, effective January 1, 2011, the assessment rate for the Workers' Compensation Administration Trust Fund has been increased to ninety-eight hundreds of one percent (.98%) based on an order signed by the Chief Financial Officer June 17, 2010. [20]

Effects of Proposed Changes

Office of Financial Regulation/ Consumer Assistance: The bill amends s. 20.121, F.S., to update the statute to reflect that the Department of Financial Services will provide consumer assistance and compliant intake for programs and regulatory functions for which the department has oversight as well as for programs and functions under the Office of Insurance Regulation. The Office of Financial Regulation will continue to handle consumer assistance and compliant intake for programs and functions for which it has oversight responsibilities.

Division of Risk Management: The bill amends s. 284.50, F.S., by requiring all state agencies and state universities with 6,000 or more employees who are provided insurance coverage from the Division to establish and maintain a return-to-work program for injured state workers. Presently, each of the impacted agencies and state universities has some form of a return-to-work program or is in the process of beginning and/or implementing such a program. The impacted agencies and state universities include: the Department of Corrections, the University of Florida, the Department of Health, the Department of Children and Families, the Florida State University, the University of South Florida, the Department of Transportation, the University of Central Florida, and the Department of Highway Safety and Motor Vehicles.

The return-to-work program will have the primary goal of enabling injured state workers to remain at work or return to work to perform job duties within the physical and mental functional limitations and restrictions established by the treating physician.

The bill also provides that the Division will evaluate each agency's return-to-work and loss prevention program at least once every 5 years. The Division's evaluation report on any recommended corrective action of an agency's return-to-work or loss prevention program will be submitted to the agency head, the Chief Financial Officer, and the Director of the Division of Risk Management. The affected agency head must provide a response to the Division within 45 days with a plan to implement corrective action. If the agency disagrees with the Division's final report recommendations or fails to take corrective action, the Division's final report recommendations will be submitted to the chairs of the legislative appropriations committees.

The bill amends s. 284.42, F.S., to clarify that the Division's annual report will be due each year (based on the prior fiscal year) on or before January 1st to the Governor, President of the Senate, and Speaker of the House of Representatives. Additionally, the annual report must include, beginning January 1, 2012, an analysis of return-to-work efforts by agency. The return-to-work analysis must include specific benchmarks to indicate the measurable outcomes and change from year to year by agency of return-to-work efforts.

---

[18] Department of Financial Services, Schedule I of the Workers' Compensation Administration Trust Fund - submitted with the Legislative Budget Request dated October 15, 2010.

[19] Department of Financial Services, Assessment Rate Order for Worker's Compensation Administration Trust Fund, June 26, 2009 (Case No. 105011-09-WC).

[20] Department of Financial Services, Assessment Rate Order for Workers' Compensation Administration Trust Fund, June 17, 2010

The bill also amends ss. 284.01 and 284.36, F.S., to include that agency Risk Management premiums will be calculated and charged based on loss prevention results as well as actual losses as they currently are calculated and charged.

The department indicates that the benefits of a return-to-work program will have a positive impact by reducing costs and returning injured state workers to the workplace faster and keeping them at work. Further, the department estimates that there will be an indirect cost savings to the agencies by having increased productivity from reducing the loss of workers over an extended period of time along with producing lower rehiring and training costs.

The GAA included $298,478 and three positions to implement statewide oversight of the return-to-work program with the goal of reducing workers' compensation costs. Additionally, the GAA included a $39.1 million appropriation in the Administered Funds Section of the bill to address the State Risk Management Trust Fund's projected deficit for FY 2010-2011, which is primarily attributable to the rising costs of workers' compensation. This bill conforms the statutes to the GAA, by implementation of a return-to-work program toward the goal of reducing the state's workers' compensation expenditures.[21]

Reimbursement for Relabeled or Repacked Drugs: The bill amends s. 440.13, F.S., to provide that reimbursement for repackaged and relabeled prescription medications in workers' compensation is to be determined by multiplying the number of units dispensed by the per-unit average wholesale price set by the original manufacturer of the drug, plus a $4.18 dispensing fee, unless the insurer has contracted for a lower reimbursement amount.

Workers' Compensation Administration Trust Fund: The bill amends s. 440.50, F.S., to require that funds that were transferred from the WCATF to the various agencies (that by statute are to be funded from the WCATF) that remain unencumbered as of June 30 or undisbursed as of September 30 each year, shall revert to the Workers' Compensation Administration Trust Fund.

The language in this section of the bill conforms to the GAA to insure that a sufficient cash balance will be available in the WCATF to fund the various appropriations made by the Legislature in support of the administration of the workers' compensation statutes contain in ch. 440, F.S. – without an increase in the assessment on workers' compensation premiums.

B. SECTION DIRECTORY:

Section 1 Amends s. 20.121, F.S., to codify the transfer of responsibilities related to consumer complaints for the Office of Financial Regulation from the Department of Financial Services to the Office of Financial Regulation.

Section 2 Amends s. 284.01, F.S., to provide that the Division of Risk Management shall include loss prevention results in premium charges.

Section 3 Amends s. 284.36, F.S., to provide that the Division of Risk Management will include loss prevention results in computing premium charges for all agencies.

Section 4 Amends s. 284.42, F.S., to provide that the annual Risk Management Report is due on or before January 1 of each year. In addition, beginning January 1, 2012, the annual report shall include an analysis of return-to-work efforts by department.

Section 5 Amends s. 284.50, F.S., to provide that all agencies employing more than 6,000 employees must have a return-to-work program for employees receiving workers' compensation benefits.

[21] Division of Risk Management Presentation to the House Government Operations Appropriation Committee dated Feb. 10, 2010.

Section 6 Amends s. 440.13, F.S., to provide that, in processing workers' compensation insurance claims, reimbursement for a drug that has been repackaged or relabeled shall be calculated by - multiplying the number of units dispensed by the per-unit average wholesale price set by the original manufacturer of the drug, plus a $4.18 dispensing fee, unless the insurer has contracted for a lower reimbursement amount.

Section 7 Amends s. 440.50, F.S., to provide that funds appropriated from the Workers' Compensation Administration Trust Fund by operating or nonoperating transfer to other agencies that remain unencumbered on June 30 or undisbursed on September 30 shall revert to the Workers ' Compensation Administration Trust Fund.

Section 8 Provides an effective date of July 1, 2010.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   See Fiscal Comments.

2. Expenditures:

   See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None

2. Expenditures:

   None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Section 6 provides that, in processing workers' compensation insurance claims, reimbursement for a drug that has been repackaged or relabeled shall be calculated by multiplying the number of units dispensed by the per-unit average wholesale price set by the original manufacturer of the drug, plus a $4.18 dispensing fee, unless the insurer has contracted for a lower reimbursement amount. The National Council on Compensation Insurance, Inc. has estimated that the proposed reimbursement methodology for repackaged drugs will reduce total workers' compensation costs by 1.1%, which will total $34 million annually for Florida employers.[22]

The bill may also reduce reimbursements under the workers' compensation system to companies that relabel and repackage prescription drugs as well as to physicians who prescribe and dispense drugs at their office.

Section 7 requires agencies that receive funding from the Workers' Compensation Administration Trust Fund to return the cash, if remaining unobligated and unspent at the end of the fiscal year. With increased cash flow (with the reverted cash being returned) in the WCATF, the Chief Financial Officer may be able to set lower assessment rates on insurance carriers as provided for in s. 440.51(1), F.S. for the administration of the state's workers' compensation provisions contained in ch. 440, F.S.

[22] National Council on Compensation Insurance, Inc. Analysis dated March 15, 2010, on file with the Government Operations Appropriations Committee.

D. FISCAL COMMENTS:

The bill will likely have a positive fiscal impact on state government and the Department of Financial Services, more specifically:

Section 7 of the bill requires that agencies that receive cash transfers from the Workers' Compensation Administration Trust Fund to fund related workers' compensation activities must return unobligated and unspent cash at the conclusion of each fiscal year. This provision may allow the Chief Financial Officer not to issue a rate assessment increase on insurance carriers, as sufficient cash may remain in the trust fund to support the appropriations made by the Legislature for administration of the workers' compensation laws.

The FY 2010-11 General Appropriations Act included an appropriation of $298,478 and three positions to assist with the implementation of statewide oversight of return-to-work programs in agencies employing more than 6,000 workers. The anticipated result will be a reduction in workers' compensation expenditures beyond the cost of the positions.

With respect to state employees who are injured on the job, Chief Financial Officer, Alex Sink, in a letter to Governor Charlie Crist dated May 21, 2010, wrote in support of House Bill 5603, stating, "As calculated by our Division of Risk Management, we believe that over $18 million in benefit cost savings are realistically obtainable over the next five years if this bill becomes law. This cost reduction results from the bill's impact in decreasing claims from injured workers for time lost from work, which reduces both the salary loss and medical costs of claims, and a reduction in the cost of repackaged medications for injured workers." [23]

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   None

2. Other:

   None

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

<u>Full Appropriations Council on Education and Economic Development</u>.
On March 23, 2010, the Full Appropriations Council on Education and Economic Development took up and reported HB 5603 favorably.

<u>Floor Activity</u>
On April 6, 2010, the Members of the House of Representatives approved HB 5603 by a vote of 116-1. The bill was immediately certified to the Senate.

On April 6, 2010, the Members of the Senate heard HB 5603 and adopted a strike-everything amendment to the place the bill in a proper posture for conference action, and approved the bill as amended for final passage. The Senate immediately certified the bill as amended.

[23] Letter from Chief Financial Officer Alex Sink to Governor Charlie Crist dated May 21, 2010, on file with the Government Operations Appropriations Committee.

On April 6, 2010, Members of the House of Representatives refused to concur in the amendment and on April 19, 2010, a conference committee was appointed.

Conference Committee

On April 22, 2010, the Conference Committee on Senate General Government Appropriations and House Government Operations Appropriations met and adopted changes to the bill. The language related to transferring the Office of Fiscal Integrity (OFI) from the Division of State Accounting and Auditing to the Division of Insurance Fraud within the Department of Financial Services was deleted. Language updating ch. 20, F.S., related to consumer assistance functions between the Department of Financial Services and the Office of Financial Regulation was added to HB 5603.

In addition, the conference committee adopted language amending s. 440.13, F.S., to provide that, in processing workers' compensation insurance claims, the reimbursement for a drug that has been repackaged or relabeled shall be calculated by multiplying the number of units dispensed by the per-unit average wholesale price set by the original manufacturer of the drug, plus a $4.18 dispensing fee, unless the insurer has contracted for a lower reimbursement amount.

Post Conference - Floor Activity

On April 30, 2010, Members of the House of Representatives and the Senate approved HB 5603 as amended by the Conference Committee Report. The House of Representatives approved HB 5603, 120-0 and the Senate by a vote of 38-0.